mo for the Record

12 August 1983

MEMORANDUM FOR THE RECORD

STAT

of the Audit Staff provided DC/IB and Tom Lawson verbal feedback on the 1982 audit, Prior to working on the written draft. Items discussed included:

STAT

1. Contract Health Advance Premium Accounts:

recognized the complexity of the bookkeeping on CHI and spent significant personal time working in this area. The books and manually maintained cards have not balanced for several years despite the best efforts of both his and IB's staffs to do so. He verified the work done by IB in this regard for 1982 and he, himself continued that balance through the 20 March figures. Both agree exactly however the books and cards continue to diverge by \$1,274.

urges us to place the balance on cards in the bookkeepers account as of 20 March figures and to do a quarterly reconciliation from here on.

STAT ILLEGIB

2. The entry of #108 Contingency Reserve withheld by UBLIC fro \$10,666 was set up in the seventies at the auditors request. This was money set aside by Mutual and held by Mutual during the active years of Contract Life for deficit coverage purposes. When Contract Life terminated and policyholders transferred to UBLIC Regular, sufficient funds were set aside to cover all individuals on waiver of premium. Mutual sent GEHA saying that the \$10,666 however, was never taken off GEHA's books and the auditors are now recommending it be done.

- 3. Due to a series of pending, and in-process personnel changes, the signatories on the accounts are not up-to-date. This is being remedied.
- 4. The auditors suggest that all blank checks be under the clerk typists control to separate access between individuals authorized to type checks and sign checks.
- 5. The auditors suggest that the blank CGI checks all be numbered rather than in lots of 100 or new numbered checks be acquired. In reviewing this recommendation we have determined that the current checks are nearly thirteen years old. We will attempt to get replacement checks.

- 6. In December 1982 OPM made a contingency reserve payment electronic transfer to the bank, we were not informed by OPM, it simply appeared on our bank statement. By the time we could confirm its validity it was January 1983 and so was entered on the books as such. The auditors pointed out that it should have been on the 1982 books but they did not suggest that we change it.
- 7. The auditors requested that we have Mutual review the adequacy of the free coverage reserve. We informed them that this study already was underway as part of a full scale UBLIC benefit study.

this study study.	already v	was	underway	as	part	of	а	full	sca

STAT

**ILLEGIB**